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UNCLAS SECTION 01 OF 02 MUNICH 000620

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DEPT. FOR PM/DTTC - BLUE LANTERN COORDINATOR AND EUR/AGS

E.O. 12958: N/A

TAGS: [ETTC](#) [KOMC](#) [GM](#)

SUBJECT: BLUE LANTERN LEVEL 3: PRE-LICENCE CHECK ON APPLICATION
050070744

REFS: (A) STATE 150486; (B) MUNICH 347

¶1. As requested in (Ref A), ConGen Munich contacted the managing directors of Cerberus, GmbH, Frank Satzinger and Matthias Hainich, at their place of business located at Gewerbestrasse 4, Obersoecherling. Satzinger and Hainich confirmed they are also the directors of Oberland Arms, OHG. They explained that Cerberus was established in May of this year as a limited liability company set up primarily to serve international customers.

¶2. They told the Consulate they intended to close Oberland Arms in the coming months, as it is run as a partnership with unlimited liability, and was set up to serve only the German market, which they described as too limited. When asked about their refusal to meet with ConGen Munich on applications 05-050040157 and 05-050042795 last spring (Ref B), Satzinger confided that the firm had a contract at the time to provide specialized weapons to a German federal security agency (which he did not name), and the agency demanded confidentiality concerning specific aspects of its contract. Satzinger said Oberland preferred at the time to not pursue applications 05-050040157 and 05-050042795, rather than opening their books to an outside entity such as the Consulate, and potentially risk losing a lucrative contract with the German government.

¶3. The order from the Royal Guard of Oman comprises 1,532 rifles plus spare parts and accessories. Satzinger and Hainich were able to produce three binders with supporting documentation. They provided a photocopy of a document, which contained the signature of the end-user, Major General Khalifa Bin Abdulllah Bin Said Al Junaibi, the Commander of the Royal Guard of Oman, who signed the document on behalf of the government of Oman. Satzinger explained that the size of this order was a good fit for Cerberus, as larger firms might find the order too small to deal with. He explained that the weapons ordered by Oman were highly customized, largely ceremonial pieces that would be green in color to match the uniforms of the Royal Guard.

¶4. The Cerberus managers confirmed that they would be handling and storing the Oman-destined weapons on-site in their Obersoecherling facility. They gave a tour of the facility, noting its security features. All exterior windows of the concrete-block building are secured with steel bars. Completed weapons are secured in a separate room, secured by a heavy locked steel door with a second "cage" type steel door secured with a padlock. The room has a single interior (faces the interior of the building) window, secured by bars inside and out. The managers said they would be installing an advanced alarm system soon using radar motion detection. According to Satzinger, Cerberus had one employee and was considering hiring an additional one. Cerberus requires a police background check on employees, and also requires a gun license, which necessitates an additional background check by local authorities.

¶5. Satzinger said Cerberus maintained detailed records of its sales and its customers, as required by law. The firm's typical customers

are seeking customized weapons, usually in relatively small numbers.
All of Cerberus' customers are within the EU, with the exception of Oman and the UAE.

¶16. Asked whether they understood the restrictions on USML items, Satzinger and Hainich said they did, and Satzinger produced four certificates, which showed that he participated in courses on export control regulations. The certificates were issued by "Aussenwirtschaftsakademie" (Academy on foreign trade issues), located in Muenster Germany (website: www.awa-muenster.de). The courses included: Export Controls; U.S. Export Control Law; the War Weapons Control Act; and Anti-Terrorism Measures and Embargoes. Satzinger showed us another document, which showed that he had registered for a course on ITAR. Satzinger stressed that compliance with U.S. law was only one issue for the firm, as it also had comply with German and EU export controls.

¶17. The managers told us that a special permit from the German government to import the components from Lewis Machine & Tool was not required under German law. Cerberus' license as a weapons retailer was sufficient to allow it to legally import these parts.

¶18. The barrels and receivers for use in this order are sourced in Germany. Barrels are supplied by Lothar Walther Feinwerkzeugbau GmbH, and receivers are supplied by Kenter Feinwerktechnik. Contact information below:

Lothar Walther Feinwerkzeugbau GmbH
Paul-Reusch-Str. 34
89551 Knigsbronn
0049-89-7328-96300
www.lothar-walther.de

Kenter Feinwerktechnik

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Liebigstr. 9a
85551 Kirchheim
0049-89-991-5230

¶19. The Cerberus managers told us that they were working together with a local Omani agent, the Shanfari Group, to facilitate the transaction, as is customary in Oman. While the Shanfari Group would handle the paperwork on the Oman end, it would never actually see the weapons, they said.

¶10. While post cannot vouch for the veracity of Satzinger and Hainich, both men appeared forthcoming and did not give any indications of being disingenuous in our meeting. Every answer they provided, including their response regarding their refusal to meet with us last spring, appeared plausible to us. Based solely on our visit, and not taking into account additional information Washington may have at its disposal, we would judge Cerberus as a potentially reliable recipient of USML items.

¶11. This report has been coordinated with Embassy Berlin.

¶12. Previous reporting from Munich is available on our SIPRNET website at www.state.sgov.gov/p/eur/munich/ .

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